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ABSTRACT

In reviewing the history of educational finances in New Mexico from 1850 to the present, the evolution of the state's financing program and the reasons for its unique separation of educational finances from educational programs is explored. The state's rational, forward-looking approach to public education is attributed to federal neglect when New Mexico was still a territory and to the individualistic character of the state's inhabitants. The present equalization funding formula was legislated in 1974. Under this plan, the state distributes its funds to districts that cannot raise enough in local revenue to meet the state's funding level. The equalization funding formula insures adequate funding for special education; consequently, the state has refused federal funds available under P.L. 94-142. (Author/WD)

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SOWS' EARS AND SILK PURSES

A Look at the Evolution of Educational Finances in New Mexico

by

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The paper was written during the second summer session of 1979 at New Mexico State University as partial fulfillment for an educational finances course. The content was chosen because no recent articles concerning the evolution of educational finances in New Mexico could be found.

The paper includes the history of educational finances in New Mexico from 1850 when the area became a territory of the United States to the present, a chronology spanning the same period, and a bibliography.

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New Mexico, the land of mañana, or the land of enchantment as the case may be, is unique in that it is the only state to have a separate division of educational finances and educational programs, the only state to turn down federal PL 92-142 funds, and the first to pass a really equitable funding formula for public schools. Why should a state like New Mexico, large, poor, low population (and not even recognized as a state by some, "One Of Our 50 Is Missing") take the lead in modern school financing? These were the questions that intrigued me, and the ones I hope to answer in this paper.

New Mexico became a territory in 1850. As soon as the territorial government drew a breath, it began to set up a base for funding public schools even though the public had little interest in the idea. It tried for federal funds first, writing two memorials, one in 1853 and one in 1854, requesting aid from congress since seven eights of the adult population was illiterate. The federal government was silent. In 1856, the legislative assembly passed the first school law. It proposed a flat rate property tax ($1 per $250 - $1000 valuation and $1 for each succeeding $1000.), provided for assessment and collection of the revenue, created a county board of education to manage the schools, defined the school population (all children between the ages of 7 and 14 were required to attend), and gave salary rates for teachers (between $8 and $40 per month). The next legislature promptly repealed it. The territory again appealed to congress asking for a loan using school property as security. The federal government remained silent. The lack of response must have convinced the territory it would have to rely on its own resources for public school financing.

At this time, the only taxes in use were fees of various types. Since the public had voted down the school law of 1856 utilizing the idea of a property tax, the territorial government passed a law in 1860 that all children of school age must attend school and that the teacher would receive 50¢ from each child per month. It was provided that the school term should run five months from November 1 to April 1, the probate judge should oversee the schools, and the justice of the peace would supervise, hire, and fire the teacher as necessary. In 1860 there wasn't a single public school in the territory and illiteracy stood at 57,233 (total population 87,034). (Coan, 1928, New Mexico Bluebook, 1937-38).

As can be seen from the first ten years, education in New Mexico had a glorious beginning (in the legislature) that never began. Like the proverbial biscuit, educational funding squatted to rise and baked on the squat.

Public school administration could be considered to have begun in 1851 as the territory set up the machinery for the county governments (originally 6 counties). State administration would have been next to impossible. It must be remembered that the territory was huge (including parts of Colorado, Utah, and Arizona, later removed in 1861 and 1863), population was sparse and trails were the only means of travel (Even after statehood non-railroad travel was slow. My mother-in-law entered the northern part of the state in 1913 in a covered wagon. Before Harding County was created in 1921, it was a two day drive with a horse and team to Mora, the county seat). The offices of probate judge, clerk, sheriff, and treasurer were created. The probate judge was the chief county officer, and, I imagine, the anglo assumption was that he would be chosen for his ability and education since his duties came to include school superintendent as well as the assessment and equalization of taxes. The sheriff's duties included collecting the taxes. The officers were elected

for two year terms and paid by the fees and taxes they assessed and collected. Accounts were not well kept and salaries, assessments, and amounts sent to the territorial government varied with the officer.

New Mexico, when it entered the union as a territory had had a long history under Spanish and Mexican rule. The people were used to the patron system whereby the man of influence was the man in charge. The Anglo elective process was superimposed on this tradition. The elected officials were much more interested in the county than the state. The Anglo public school system was also imposed on the Spanish-Mexican population who distrusted the source of the idea. This distrust coupled with the poor transportation system, poverty of the territory, sparse rural population, and weak territorial government, were the major factors hindering the growth of the public school system.

In 1863 a territorial board of education and the office of territorial superintendent were created, but neither had much effect until Amado Chavez became territorial superintendent in 1891. His Spanish heritage and Catholic religion helped dispel some of the distrust. The Board of Education was also reorganized.

In 1884 the office of county school superintendent was created and provision was made for a school district board consisting of three directors. The superintendent was elected (as had been his predecessor the probate judge) for a maximum of four years, while the directors were appointed by the probate judge. Until 1923 the local district directors had the power to hire teachers and advise the county superintendent what tax levy was necessary for the next term.

1869 saw the legislature pass the first successful property tax to support the territorial and county governments. 25¢/$100. was to be assessed and equalized by the probate judge and collected by the sheriff. 5¢ of the 25¢ was for county use. Church and public property, the first $500. of private property and the first $100. of family provisions were exempt. Total taxes collected in 1870 were $[illegible],000. A poll tax was levied for school purposes in 1872, and in 1874 the property taxes were changed to ½ for the territory, ¼ for the county, and ¼ for the schools. In 1876 violation fines were added to help fund schools. Even in the 1960's, state police joked about going out and collecting money for the schools. In 1880 the levy was raised to $1/$100 or 10 mills. This was the first real tax increase. The change was needed since the territorial debt rose from $8,000 in 1870 to $85,000 in 1880.

It was no wonder the territorial debt rose. The territory was attempting to carry out government with no effective means of enforcing laws. Governor Prince, speaking to the legislature in 1890, declared that the state of county accounts was so bad, it was impossible to prepare a complete list of taxes collected and commissions received. Some sheriffs hadn't even kept accounts (Coan, 1928).

The tax levies between 1880 and 1897 rose to 16 mills, with the public schools receiving 2½ mills and territorial institutions receiving 2 mills. In 1908 they had climbed to a total of 33 mills.

The United States was interested in education. (It actually set up public school systems in some territories.) Congress enacted the Northwest Ordinance of 1785 which included the provision that before sale and settlement

of a territory, section 16 of each township was to be set aside for the support of the schools. The Ordinance of 1787 put the provisions into effect, reserved certain townships to endow a university, and stated that "schools and means of education should be forever encouraged" (Brodinsky, 1977). The idea of the land grant was that the income from the sale or lease of the land would support the schools. Congress equated land values with the land in the existing states. Had the values been comparable, the land might have supported a school system in the western territories. In the northeast portion of New Mexico, one section will support 30-40 cows (Abernathy, 1979).

In 1802 Congress established the policy of formally setting aside school lands when states were admitted to the union. The federal government must have become more aware of the value of western land since, in 1848, it raised the allotment for school lands to two sections when Oregon was admitted, and to four sections in 1896 when Utah was admitted. Succeeding states received four sections per township. These federal lands were a general grant and had no strings attached. It was this land, worthless in the 1850's and just beginning to be surveyed, that the territory wished to put up as collateral for a federal loan to begin a public school system.

The first specific federal grant to education was the Morrill Land Grant in 1862, which provided to the state 30,000 acres per each senator and representative in congress from that state, and was to be used to establish a college for the people. The college was to include the practical studies of agriculture and industrial arts. One farmer is alleged to have said, "What are you going to do with that college up there? Larn 'em to rake harder?"(Brodinsky, 1977)

The New Mexico territorial delegate Fergusson was successful in 1898 in persuading congress to allocate two of the four section set-asides (16 and 36) to be used immediately for support of public schools in the territory.

Meanwhile, New Mexico had passed the Rodney Act in 1889 establishing three institutions for higher education in the territory: the Territorial University at Albuquerque, the Territorial College at Las Cruces, and the School of Mines at Socorro. The original idea was one university for the territory; however, politics decreed three. At that time Socorro was an established town located on the Santa Fe Trail. During part of its history, the marshall for the entire New Mexico Territory was located there (Taylor, 1979). When Albuquerque became the crossroads for the railroads, Socorro began to take a back seat.

Even though the population was only 160,282 in 1890 (Blue Book '37-8), three more higher education institutions were established in 1893: the Normal schools at Las Vegas and at Silver City, and the New Mexico Military Institute at Roswell. The Fergusson Act of 1898, mentioned earlier, provided land to be used by the institutions and public schools. 112,702 acres was awarded the university, 100,000 to the agricultural college, 100,000 acres to be shared equally by the normal schools, and 50,000 acres to the military institute. The Spanish Normal School at El Rito was established after 1898 and received no land grant. The public schools share of the Act was 4,244,480 acres.

Each higher education institution was autonomous and was governed by a board of regents appointed by the governor. The lands could be sold or leased or rented. The money was deposited in a permanent fund, the income of which could be used by the institution for its support.

The passage of the Rodney Act evidently encouraged the legislature in 1891 to create the Superintendent of Public Schools and to reorganize the Territorial Board of Education. The latter was composed of the governor, the superintendent (appointed by the governor), and the presidents of St. Michael's college, the Territorial University, and the Agricultural College.

New Mexico became a state in 1912 but only after a long, stormy battle with congress and with its own people.(New Mexico must have been as big a pain in the neck to Washington as the Colonies were to England.) The constitution, drawn up by a committee representing the people of New Mexico, had to satisfy the guiddines laid down by congress (particularly concerned with the disposition of school lands), the people of New Mexico (who had already voted down one constitution), in 1899), and the interests of the 32 attorneys, 20 stockmen, 14 merchants, 7 farmers, 6 general businessmen, 4 saloon keepers, 1 college president, and a miscellaneous group composed of newspaper editors, territorial officers, physicians, and bankers that made up the 100 man body, as well as the hangers-on who came to see the fun or protect their interests (Wiley, 1968). The committee was divided politically between 67 republicans and 33 democrats. The constitution reflected the conservatism of the republican majority.

Article XII of the New Mexico Constitution established, among others, a uniform system of free public schools, compulsory attendance for every physically and mentally able school age child, control of all schools by the State Board of Education consisting of the governor, State Superintendent of Public Instruction, and five other members appointed by the governor, a premanent state fund with monies disbursed according to census figures, a solvent school board, and no distribution of funds for the support of any sectarian or private school. In another

section of the constitution, salaries were fixed for the executive officers. The governor received $5,000, attorney general $4,000, the secretary of state, state auditor, treasurer, superintendent of public instruction, and commissioner of public lands each received $3,000, and the lt. governow received $10 per diem and travel when the legislature was in session. It is nice to know the superintendent of public instruction has gained in stature since 1912. He now makes the same amount as the governor, $40,000 (Office of the Secretary of State, 1979).

With statehood, the acreage granted to New Mexico for school use totalled 12.1 million acres (Wiley, 1968). State lands presently stand at 9.4 million acres (New Mexico Statistical Abstracts, 1977) and produced 33.3 million dollars (Executive Budget, 1977-8). When all supposed school lands had been investigated, it was found that parts of the school lands had been homesteaded or were part of previous land grants so other public lands were substituted. Public and state lands were somewhat flexible in the early years. Not only could the state sell the land but public land could be declared state land and taken out of the public domain. A northern rancher who was on his toes could homestead his water holes and declare the rest of the area he grazed state land. This was advantageous because he preserved his water rights, kept other ranchers from leasing the state land he leased (no good without water), kept the homesteaders from breaking up his holdings, and leased the land back from the state for less than the property tax. Ranchers in the northern area still talk about sending their land rental to the school fund (Abernathy, 1979).

As of 1912, public schools were on the books. The legislature had enacted compulsory attendance laws and set up administration and funding for the schools. Administration and financing of schools were through the county government machinery. The beginnings of state administration had been set up. Fees, fines, property taxes and income from land use had been tried in funding schools. However, since the state had not enforced the

laws on the books, John V. Conway, Assistant Superintendent of Public Instruction in 1916 found, when he visited each school district in the state, irregular school terms, poorly qualified teachers, and unfit buildings, particularly in the rural areas (Wiley, 1968).

Schooling was of secondary importance to the working man in New Mexico in the early part of the century. Children went to school if the school was within walking distance, the weather was good, and the child wasn't needed at home. A boy was expected to work out as soon as he attained some size (usually around twelve or thirteen). If he could, he finished eighth grade and considered that a good education. A wide age range was found in elementary school. Mr. Taylor said he remembered big teen age boys in his fifth grade class in the thirties (Taylor, 1979). Boys went to school when they could.

High schools were scarce. Families who wished their children to have more than an elementary education might send their children to live with another family in a town where there was a high school. My mother-in-law commuted from Roy to Tucumcari ninety miles away by train (her father was a station agent and she traveled free) to finish her high school education in the teens. A high school education entitled you to teach school.

The working man felt education was important. Many of the men working in the Dawson coal mines took correspondence courses from a school in Pennsylvania to increase their technical skills in the teens and twenties (Abernathy., 1979).

Nowadays, students may stay in school for the same reason. Whereas in the early days, "kids" were an important part of the work force, now the "kid" may be a drug on the market; he goes to school because he can't find a job. Around 1970 engineers were in surplus and those graduating with master's and bachelor's were continuing their education because they couldn't find a position.

1915 marked the beginning of state control in New Mexico finance when a state tax commission consisting of five members appointed by the governor was given $12,000. and told to determine the value of railroad, telegraph, and telephone property and check county assessments. The five man board was later revised to three in 1919 and salaries were raised. The Board of Finance composed of the governor, auditor, and treasurer was also formed in 1915. The office of educational auditor was created in 1921. The officer was responsible for investigating, revising, and approving county school budgets (Coan, 1928).

The recession of 1921-22, the high mill levy, the tradition of irresponsibility by county officers, the difference in wealth among local school units, the widening differences in attitudes between rural and municipal school districts, the beginning of state control, the lack of a school body of law, and the tight, distrustful, rural majority all led to the 1923 School Code. The code limited the property tax levy to 40.5 mills (Curry County's rate was 50 mills) and removed control of educational finances from the state department of education to the educational budget auditor appointed by the governor. This was done at the urging of the New Mexico Taxpayer's Association "who did not trust educators to spend money wisely or properly" (Garcia, 1976) (an unjust accusation better leveled at county managment). It also extended the Bateman Act of 1897 to include schools.

The school code essentially ended control of the budget by local school districts since it was now the duty of the educational budget auditor (now the Chief of Public School Finance) to hold a budget hearing once a year with each school district to to determine the budget. Had the county officers discharged their duties in a different manner earlier, the finances and programs of New Mexico's schools might have remained under one roof.

The depression of the thirties increased state control over the schools. Reduction of property tax rate to a 20 mill levy in 1933 essentially turned budgetary

eyes from the local to state funds. The Public School Equalization Fund was created and the State Income Tax Law was passed. 70.5% of the funds were earmarked for the school fund. In the 1933-34 school year some schools closed after 7 months (Cunningham, 1979), and others reduced salaries (O'Donnell, 1979). In 1934, the legislature passed an emergency gross receipts sales tax of 2% (rural businesses were exempt and some mining was only ¼%). 94% of the funds derived from this source were earmarked for the equalization fund (Pool, 1971).

With the addition of the sales tax, New Mexico school fund had a wide, earmarked tax base: income from school land funds, local property tax, sales tax, and income tax. The hope was that these funds would be sufficient to run the public schools. The earmarked funds were adequate until Sputnik ushered in a new era of technology. Since 1934, approximately 75% of the school district's operational budget comes from state funds. The national average is 43% (Wiley, 1968).

When the major portion of school funding came from the state, an immediate problem cropped up. How should the money be divided? The first attempt in 1934 was to fund on the basis of the previous year's budget. This favored the schools that had not had to cut back the previous year. The following year an attempt was made to fund according to classroom units, giving each school district a basic allowance. This favored the schools that were losing population. Finally in 1939 when funds were so short in 13 counties, Sandoval County School Board filed a writ of mandamus accusing the State Board of Education of neglecting to make a proper computation of classroom units for 1938-39. The court upheld the charge, and the hunt was on for a better method of distribution.

Everyone got into the act. The State Board of Education, Raymond Huff, President, appointed a commission to study the problem, Silver City sponsored a conference on New Mexico school finance, The Albuquerque Journal reported a group of superintendents met to discuss the reorganization, and the Republicans and Democrats vowed to give full value to each child (the Republicans adding, with no tax increase). The NEA attempted to arbitrate the dispute. Howard Dawson, Director of Rural Services for NEA was asked to find a solution for the National Education Association's Educational Policies Commission. He recommended that state transportation be separated and distributed based on a per pupil-mile traveled, instructional funds be weighted and divided on an Average Daily Attendance basis, (ADA), funds be distributed directly to the local school districts, and local districts be given the option to raise taxes if the local voters approved. The governor named the Citizen Taxpayer's Committee made up mainly of laymen from all areas and segments of the state. It was charged with trying to make schools more economical and was to report its recommendations at the beginning of the 1941 legislative session. The committee recommended: changes in the transportation support; limits on janitors' supplies, libraries, and group insurance; closing of unnecessarily small schools; a uniform system of accounting be initiated; elimitation of truant officers; no funds for kindergarten and preschool; and instructional funding according to weighted ADA.

The legislature passed 25 bills during the 1941 session related to education. Among the more important were: separation of transportation costs from instructional costs with distribution of funds through a formula; consolidation of schools and school districts; abolishment of the 1935 basic allowance feature; consolidation of all school funds into the State Public School Equalization

Fund; instructional funding by Average Daily Attendance (ADA) with high schools receiving 1.75 weight. This formula was not popular with the small schools or with those that had a high drop out rate in high school. These inequities led to further studies, first the Peabody Report in 1948 and later by the New Mexico Reoganization Committee in 1952. The latter was directed to study all phases of government. No major revisions were made during this time as it was a period of relative prosperity for all school districts through the mid fifties.

Higher institutions, with their individual, autonomous, and at times, antagonistic Boards of Regents had difficulty sharing their budgetary pie. The addition of Eastern at Portales in 1934 (started by a bill requesting $54,000. for a building that slipped quietly through the closing days of the legislature) didn't help matters. From 1919 to 1947, various ways were sought to consolidate the universities or consolidate the Boards of Regents. Political pressures were such that neither of these measures came to pass. Finally in 1947 it was decided to try for a super, coordinating board that would view all higher education budgets and present a single recommendation to the legislature. The Board of Educational Finance (BEF) was born in 1951. Representative O'Donnell's comment on whether BEF helped the situation was,"It brought order out of chaos" (O'Donnell, 1979). The board is composed of 11 voting members and 2 non voting student members appointed by the governor for staggered six year terms (originally the members were appointed from the eleven judicial districts. In 1976 the board was reapportioned and 10 members are now appointed from the State Board of Education electoral districts and the eleventh appointed at large). The board appoints a full time executive secretary who is required to be an expert educator, competent in the fields of

institutional management and finance. The board is responsible for adequate financing and equitable distribution of available funds for higher education. Quality control was apparent.

BEF made living with 6 universities and two special schools easier. It didn't totally solve all the problems since it was only a recommending board, and institutions that didn't like its recommendations could still take their case directly to the legislature or to the public. In 1957 branch colleges were begun and in 1963 a bill was passed allowing junior colleges. These also came under BEF jurisdiction.

The second half of the fifties was the beginning of the formation of our present attitudes toward education as the solution to mankind's problems (then it was technology, now it is more humanitarian). The financial shoe began to pinch again. Cash reserves built up earlier by school districts were being drained to supplement state allocations. Sputnik shocked the nation into taking a look at the quality of education and its attendant, accountibility. The federal government entered the picture again, first with the 1958 National Defense Education Act which funded curriculum development and teacher training in science, math, and foreign languages, and then with the 1965 Elementary and Secondary Education Act with its grants-in-aid for special programs and controls that seemed to pulse and change with a life of their own.

In 1957 the fiscal section of the New Mexico government was reorganized. The Department of Finance and Administration (DFA) was created (recommended by the State Reorganization Committee of 1951-52) with the director appointed by the governor. The department directs all financial transactions from state level down to county and local level, including school districts.

Also in 1957, the Legislative Finance Committee (LFC) was organized. It consists of 4 house members and 4 senate members and includes the chairmen of the House Appropriations and Finance Committee, the Senate Finance Committee, and the House Taxation and Revenue Committee. The legislative committee examines laws governing finances and operations of all levels of government in New Mexico and the effects of the laws on functioning, policies and costs. It presents its findings to the legislature either through a member of the house or senate.

When questioned why the LFC was necessary when the DFA had been created to do the same job through the executive branch, Representative O'Donnell replied that "the LFC gives the state a continuing core of extremely well informed individuals concerning financial matters in the legislature" (O'Donnell, 1979). In other words, the legislature has the final word on finances (barring the governor's veto) and they refuse to give up their authority because of a lack of knowledge.

New Mexico was interested in quality education but several factors were hindering its progress: earmarked funds were not keeping pace with school budget demands; teachers were being lured away to better paying jobs in other states (sometimes to other school districts within the state); the ratio of school age children to adult population was second highest in the nation in 1959-60 (Wiley, 1968); and the disparity between district wealth was becoming wider. Equalization of school funding became a major issue again and the sixties was a stormy decade.

The 1961 legislature had its hands full. School funds were inadequate and general revenues were short. Legislators had not had to think of revenue sources for schools since 1934 (although mineral leases had been added to earmarked funds in 1943). Even though income tax was raised 50% by the 1961 legislature, schools went on short

rations during the 1961-62 year. The State Board of Education retained Dr. Paul Mort of Teacher's College, Columbia University to recommend solutions. He proposed putting earmarked funds in the general fund (first proposed in 1951-52), creating a base amount to be given directly to the school district (direct allocation first prcposed in 1940), weighting pupils based on Average Daily Membership (ADM) with high school students receiving more, and adding a supplementary partnership formula with school districts based on district wealth. In a special session of the legislature in 1962 all but the last recommendation were incorporated into the Public School Finance Act. De-earmarking funds essentially meant that education was no longer a favored and forgotten portion of the state budget. Education would have to stand on its own two legs, fight for, and justify its share of the pie.

In the 1963 legislative session there was a hot debate between Senator Greer and the State Department over an equitable distribution formula which led to Governor Campbell's appointment of a Public School Study Committee. Although the committee was composed of members from various educational agencies, when the report was made public the various agencies immediately counterattacked with their own proposals. The 1963 session raised the sales tax from two to three per cent as one means to help the situation. The 1964 session voted an adequate amount for education but the 1965 session was so niggardly that a large surplus was left over. In 1966 the Legislative School Study Committee was formed. In 1967, higher education funding was cut back and tuition rates had to be raised. 1968 saw the teacher walkout and 1969 student militancy with the question of what is literature (UNM lost $50,000. because of the latter, Pool, 1968). The 1969 legislature criticised the state department of education for not showing how more money had produced better education. The struggle between the

haves and have nots (small rural and large urban vs eastern area) raged throughout.

School funding and other school problems weren't the only problems the legislature was forced to address during this time. In 1962 the United States Supreme Court ruled in Baker vs Carr (under the fourteenth ammendment guaranteeing equal protection under the law) that the federal judiciary could take jurisdiction of state apportionment. A lawsuit was promptly filed in New Mexico challenging the apportionment in the house (27% of the population could elect a majority in the house and 14% of the state's population could elect a majority in senate). The 1963 legislature made no move toward reapportionment, and the district court decided that New Mexico apportionment was in violation of the United States Constitution. (Garcia, 1976)

In 1964 the United States Supreme Court ruled in Reynolds vs Sims that both houses must be apportioned on the basis of population. The New Mexico legislature worried the issue from 1964 to 1972. The forces in power tried various ways to keep their power intact and yet satisfy the courts until, in 1972, they capitulated and the legislature passed a reapportionment act creating a 70 man house and a 42 man senate elected from single member districts with each senator representing 24,190 and each representative 14,514 citizens. The part of the constiutuion relating to the reapportionment was revised and passed in 1976. This boosted the urban group's power.

Not only did the sixties see funding problems, school equalization formula problems, teacher militancy, student unrest, ESES, and reapportionment, but the legislature undertook to rewrite the constitution. It was put to a vote in 1969 and lost by a narrow margin possibly due to lack of publicity by the proponents and rumors circulated by the opposing groups.

In 1974, two years after the legislative reapportionment which gave more power to the urban segment, and forty years after equalization funding became an issue, legislation was passed that set up the present equalization funding formula. The state takes credit for 95% of district revenue from local taxes and 95% of district revenue from federal programs. It distributes state funds, based on need, to districts that cannot raise enough in local revenue to meet the state's current funding level. Differences in school programs are weighted based on ADM. Intermediate grades 4, 5, and 6 are given weights of 1. Heavier weights are given to lower and upper grades, special education, vocational education, bilingual education, and early childhood education. Special consideration is also given to teacher training and experience, and to small schools. The last item discourages further consolidation of small schools. HB 85 was also passed which separated the method of fund distribution from the amount of funds.

The 1974 Equalization Funding Formula insured porportionately adequate funding for special education. In Las Cruces, we will spend an average of $1446 ADM for the 1979-80 school year. "D" level programs will receive $4007.50 ADM, and "C" level programs will receive $2175.50 ADM. When the federal government passed laws requiring education of special groups and provided funding through Public Law 94-142 to help states begin to design and fund these programs, New Mexico had already built funding into its formula for these groups. The federal government's plan did not materially help those states that had funded their own programs (since the government funds could not be added to the general fund, nor could the current funding level be lowered), but the plan did help those that had not begun. New Mexico stands to gain approximately $45. per special education student which would have to be placed above the state formula. Our state decided the money was not worth the paperwork or the upset in the delicately balanced funding formula (Schettler, 1979).

As mentioned earlier, BEF was reapportioned after the legislature's reapportionment, and is now in the process of evolving its own equalization funding formula. The current allotment is based on the previous year's enrollment (which penalizes the university whose enrollment is climbing). Programs and subjects are weighted. The present funding formula favors institutions that are losing enrollment, do not have a summer program, and do not offer courses off campus (Class lectures, 1979).

New Mexico is the land of contrasts. It is the land of: the individual, the fluid coalition, and hotly contested issue; the fifth largest state (Rand McNally, 1971) but the second poorest (Executive Budget, 1979-80); fourth in public school expenditures as a percentage of personal income but thirty second in total expenditures for public schools (Executive Budget, 1979-80); a land where students stay in school an average of 12.2 years (Johns, 1975) with unemployment standing at 6.2% (New Mexico Abstracts, 1977); where 44% of the total state is owned by private individuals (New Abstracts, 1977); 35% of the population live in 4 cities and 31.1% of the state is considered rural (New Mexico Abstracts, 1977); where there are places like Roy and Hobbs and Albuquerque.

Why are we where we are? Because of individuals, special interest groups, uneven wealth, Sputnik, and the overall poverty of the state. Individuals fought for the interests they represented, political pacts formed, dissolved, and reformed, and laws were passed that reflected the common good as well as the current power structure. The uneven wealth in the state forced it to go to state funding for schools early in the game and gave it 40 years to develop the present formula. The separation of finance and program, Sputnik, the state's poverty, and the irascible, conservative, distrustful, tight, rational,

rural, vocal individual kept education lean and accountable. Education is in good shape now. If it is going to continue to stay in good shape it must: Keep having a good look at the citizens of New Mexico in relationship to their part of the state and to the world in general; cooperatively and tentatively determine present and future needs within a changing society; select, develop, and implement (including evaluating and recycling) rational, economic programs; and use every means at its disposal (logic, research findings, golden tongues) to show just cause to the public and elected representatives as to why adequate financing for quality education should continue.

CHRONOLOGY OF

EVENTS CONCERNING EDUCATIONAL FINANCING IN NEW MEXICO

1787 (US) Ordinance setting aside land for public schools general grant

1850 New Mexico became a United States territory

1853-4 Appeal to the United States for aid

1856 First school law passed with property tax included

1857 First school law repealed

1858-9 Appeal to the United States for aid, using school land for collateral

1860 Head tax used for financing schools, county adinistration given responsibility for public school management

1861-5 Civil War

1862 (US) Morrill Land Grant for establishing "cow" college first special grant

1863 Territorial Board of Education and Territorial Superintendent created

1884 County school superintendent created and provision for school district board

1869 First successful property tax for territory, county, and public schools

1872 Poll tax for schools

1876 Violation fines for schools

1880 10 mill levy

1889 Rodney Act established 3 higher education institutions

1891 Reorganized territorial Board of Education, Superintendent of Public Schools created, Free public education became law

1893 Three more higher education institutions added

1896 (US) Congress set aside 4 sections per township for public school use in territories when admitted to statehood

1897 16 mill levy

1898 (US) Fergusson Act gave 2 sections to New Mexico territory to be used for schools. Divided among 6 institutions and public schools

1908 33 mill levy

1909 Spanish American Normal School created at El Rito

1912 New Mexico became a state of the United States

1912-5 Laws passed describing a school term of 5-9 months, county high school could be established with voter approval

1915 State tax commission investigated county assessments

1914-8 World War I

1921 Educational auditor created

1921-2 Recession

1923 School Code passed, 40.5 mill levy limit, educational finances given to educational auditor

1929-39 Depression

1933 Beginning of state as major revenue source
20 mill levy limit
Public School Equalization Fund created with funds earmarked for it
Income Tax begun - 70.5% for public schools

1934 Sales Tax begun - 94% earmarked for public schools
Beginning of State Equalization Funding Formula
Eastern University at Portales started

1935 Basic Allowance funding tried

1939 (courts) Sandoval County writ of mandamus charged charged improper computation of formula

1940 (courts) Courts upheld

1941-5 World War II

1941 Separation of transportation costs from instructional costs with use of distribution formula
Consolidation of schools and school districts
Abolishment of basic allowance
Use of weighted ADA

1943 Mineral leases added to earmarked funds

1948 Peabody Report

1951-3 Korean War

1951 Board of Educational Finance created to coordinate higher education

Legisaltive Council Service formed- information service

1951-2 New Mexico Reorganization Committee (Little Hoover Committee) formed

1957 Branch colleges allowed

Department of Finance and Administration created to handle all state financial matters

Legislative Finance Committee created to study state finances

1958 (US) National Defense Education Act passed for teacher training and curriculum development in science, math, and foreign languages

1955-60 Schools use up reserves

1958 Recession

1961 Income Tax raised 50%

1962 Public School Finance Act in which funds are de-earmarked, direct allocation to school districts, weighted ADM

(US Courts) US Supreme Court Baker vs Carr mandated senate reapportionment

1963 Junior colleges created
Public School Study Committee created
Sales Tax raised to 3%

1964-1973 Vietnam War

1964 (US Courts) US Supreme Court Reynolds vs Sims mandated reapportionment of both houses

1965 (US) Elementary and Secondary Education Act grants-in-aid to states or school districts

School district may not become indebted exceeding 6% assessed valuation

1966 Legislative School Study Committee formed

1967 Higher education raised tuition

1968 Teacher walkout

First legislative statement of policy on public school finance

1969 New constitution rejected

State Department of Education criticised for not having more evidence of cost efficiency

Legislative University Study Committee created

1971 Legislative School Study Committee gains permanent status

1972 Reapportionment of both houses with federal approval

State Board of Education reapportioned - now elected from 10 special state board of education districts of roughly equal population

1973 Severance Tax Fund created with income used for research concerning resources at UNM, NMSU, and New Mexico Tech

Audit of higher institutions by LFC and State Auditor showed larger unrestricted balances than shown in all but one institution

1974 Present Public School Equalization Funding Formula put into effect
Separation of funding and formula

1975-6 BEF formula funding formula rejected

Reapportionment of Board of Educational Finance
BEF funds cut
Responsibility for developing an equitable funding formula given to Public School Finance Division along with $75,000
Current funding formula for higher institutions developed by a committee and put into effect

1979 Recession?

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